

Board of Accountancy

WASHINGTON STATE



ANNUAL BOARD MEETING AGENDA

Date, Time: Thursday, October 17, 2013 – Annual Board Meeting – 9:00 a.m.

Location: The Doubletree Hotel Seattle Airport – Cascade 12 Room
18740 International Boulevard, SeaTac, Washington
(206) 246-8600

Notices:

Chair Introductions/Special Notices

PUBLIC RULE-MAKING HEARING – 9:00 a.m.

Attachments at tab:

1. Public Rule-Making Hearing Script.....A
2. Rules Under Consideration –
 - WAC 4-30-070 What are the experience requirements in order to obtain a CPA license?
 - WAC 4-30-080 How do I apply for an initial individual CPA license?.....B
3. Written Stakeholder Comments.....C

ANNUAL MEETING AGENDA

1. Rules Review
 - a. Board's deliberation on proposed rules; considered at the public rule-making hearing. See listing above under Public Rule-Making Hearing – Item 2
2. Minutes – July 22, 2013, Regular Board Meeting.....D
3. Reconsideration of Board Policy 2003-1, *Safe Harbor Report Language for Use by Non-CPAs*.....E
4. Chair's Report
 - a. Election of Officers for Calendar Year 2014
 - b. 2014 Board Meeting Schedule and Location
 - c. Establish Qualifications Committee
 - d. Committee Chair Appointments
 - e. Executive Committee Meeting with Executive Director
 - f. Other

The Board of Accountancy schedules all public meetings at barrier free sites. Persons who need special assistance, such as enlarged type materials, please contact the Board's Americans with Disabilities Act contact person:

Richard Sweeney, Washington State Board of Accountancy

PO Box 9131, Olympia, WA 98507-9131

Phone: 360-586-0163 E-mail: ricks@cpaboard.wa.gov

7-1-1 or 1-800-833-6388 (TTY) - 1-800-833-6385 (Telebraille)

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Washington State Board of Accountancy
Annual Board Meeting Agenda
Page 2

5. Report Acceptance Body (RAB) Update F
6. NASBA
 - a. Update
 - b. Other
7. Committee/Task Force Reports
 - a. Executive Committee – Board Officers – *Update*
 - b. Compliance Assurance Oversight – Edwin Jolicoeur, CPA, Chair – *Update*
 - c. Legislative Review – Karen Saunders, CPA, Chair – *No Report*
 - d. Quality Assurance – Thomas Neill, CPA, Chair – *Update*.....G
 - e. Request Review – Karen Saunders, CPA, Chair - *Update*.....H
 - f. State Ethics Compliance – Thomas Neill, CPA, Ethics Advisor – *No Report*
8. Executive Director's Report
 - a. Budget Review
 - b. Results Washington – A Goal Focused, Transparent, Lean State Government
 - c. Agency Database Restructuring Initiative
 - d. Staffing
 - e. Investigation – Complaint Status Report and Investigation Statistics.....I
 - f. Other
9. Legal Counsel's Report
10. Executive and/or Closed Sessions with Legal Counsel
11. Public Input – To ensure the public has an opportunity to address its concerns and the Board has an opportunity to ask questions of the public. Individual speakers will be provided 10 minutes each.

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SUMMARY

WASHINGTON STATE BOARD OF ACCOUNTANCY ANNUAL BOARD MEETING – OCTOBER 17, 2013

Day, time, location, special notices:

Meeting: **Thursday, October 17, 2013 - 9:00 a.m.**
Location: **The Doubletree Hotel Seattle Airport**
Cascade 12
18740 International Boulevard
Seattle, Washington
(206) 246-8600

Notices:

Chair's Opening Announcements:

The purpose of the Board meeting is for the Board to accomplish its business. After the Board completes its discussion of an agenda item, if appropriate, I will ask if anyone in the audience wishes to comment. As a reminder, individuals attending the meeting may participate only after recognition by the Chair. If you plan to address the Board during the public input section of the agenda, please sign the sign-up sheet.

OCTOBER 17, 2013 - 9:00 A.M. - PUBLIC RULE-MAKING HEARING

Rules Hearing - At 9:00 a.m. the Board will hold its scheduled rules hearing to obtain public input on the proposed changes to two Board rules.

1. **Public Rule-Making Hearing Outline** - See *Tab A* for the script the Chair will use as a guide during the hearing.
2. **Rules Under Consideration** -
WAC 4-30-070 What are the experience requirements in order to obtain a CPA license?
WAC 4-30-080 How do I apply for an initial individual CPA license?

The Executive Director will provide a summary of the proposed changes for the rule during the rules hearing.

The proposed rule will transfer required knowledge of the Public Accountancy Act and Board Rules from the experience competencies (WAC 4-30-070) to a licensing and examination requirement (WAC 4-30-080).

See *Tab B* for the CR-102, Notice of Proposed Rule Making that includes the proposed changes to the rules.

3. Written Stakeholder Comments

See **Tab C** for copies of written comment received from another State Board. Staff will provide any additional comments received before the rule-making hearing to each Board member via email and in hard copy at the Board meeting for your reference and convenience.

OCTOBER 17, 2013 – ANNUAL MEETING OF THE BOARD

1. Rules Review

a. Board Deliberation on proposed rules considered at public rule-making hearing -

Tab B contains the CR-102 filings including the proposed changes to:

- WAC 4-30-070 What are the experience requirements in order to obtain a CPA license?; and
- WAC 4-30-080 How do I apply for an initial individual CPA license?

The Executive Director is prepared to summarize the changes to the rule or answer any questions for the Board during deliberation.

Does the Board wish to:

- Adopt the rule as proposed?; or
- Adopt the rule with minor changes that do not change the general subject matter of the proposed rule?; or
- Amend the rule proposal and set another rules hearing date?; or
- Withdraw the rule proposal?

Effective date: If the Board decides to adopt the rule, the Board must determine the effective date. Rules generally become effective 31 days after filing. The Executive Director recommends making the rule effective January 1, 2014.

Does the Board wish to make the rule effective:

- 31 Days after filing?; or
- January 1, 2014?; or

2. Minutes – July 22, 2013 – **Tab D**

Board staff presents the draft minutes of the July 22, 2013, regular Board meeting at **Tab D** for the Board's consideration.

Does the Board approve the minutes as drafted?

3. Board Policies

a. 2003-1 Safe Harbor Report Language for Use by Non-CPAs – *Tab E*

The Executive Director will lead the discussion.

Does the Board wish to revise, retain or retire this policy?

4. CHAIR'S REPORT

The Board's Chair requests the agenda for the Board meetings to contain a placeholder allowing the Chair to report on any current issues related to the Board's activities. The Chair wishes to discuss:

a. Election of Officers for Calendar Year 2014

The Board must vote in officers for calendar year 2014:

Chair _____

Vice-Chair _____

Secretary _____

The newly elected officers will assume their duties on January 1, 2014.

b. 2014 Board Meeting Schedule and Location - Board meeting dates are set by Board rule as the last Friday of the month in the months of January, April, July, and October or as otherwise determined by the Board. That would result in the following meeting dates:

- January 31, 2014
- April 25, 2014 – Conflict for one or more Board Members
- July 25, 2014
- October 31, 2014 – Conflict for one or more Board Members

For your reference, 2014 NASBA meetings that you may need to consider when setting the 2014 Board meeting dates:

- January Board of Directors – January 16-17, 2014
- Executive Director's Annual Conference – March 3-5, 2014
- April Board of Directors – April 24-25, 2014
- Eastern Regional Meeting – June 4-6, 2014
- Western Regional Meeting – June 11-13, 2014
- July Board of Directors – July 17-18, 2014
- October Board of Directors – October 30-31, 2014
- 107th Annual Meeting – November 2-5, 2014

c. Establish Qualifications Committee

The Executive Director is requesting a Qualifications Committee be established to review the trends in educational requirements and the desire for the competency rule to be revised.

Does the Board wish to establish a Qualification Committee?

If yes, then the Board needs to appointment a Chair for the committee.

Qualifications Committee

Chair: _____

Member: _____

d. Committee Chair Appointments

The Board adopted a Governance Structure that includes the Executive Committee consisting of the Board officers and five other committees. The Board needs to appoint chairs for each of the five committees at its annual meeting. The current members are listed for your convenience:

Compliance Assurance Oversight Committee

Chair: _____

Members: _____

Current Members:

Edwin Jolicoeur, CPA, Chair

Nina Gerbic, CPA

Deidra Roberts, CPA

Legislative Review Committee

Chair: _____

Member: _____

Current Members:

Karen Saunders, CPA, Chair

Gerald Ryles, Member

Quality Assurance Committee

Chair _____

Members: _____

Current Members:

Thomas Neill, CPA, Chair
Elizabeth Masnari, CPA, Member
Robert Speicher, CPA, Member

Request Review Committee

Chair: _____

Member: _____

Current Members:

Karen Saunders, CPA, Chair
Gerald Ryles, Member

State Ethics Compliance Committee

Ethics Advisor: _____

Current Members:

Thomas Neill, CPA, Ethics Advisor
Richard Sweeney, CPA, Ex-officio Liaison

e. Executive Committee Meeting with Executive Director

The Board Officers met with the Executive Director via telephone on September 26, 2013. The Chair will report.

f. Other

5. Report Acceptance Body (RAB) Update – Tab F

6. NASBA

- a. **Update** - Don Aubrey, Pacific Regional Director for NASBA, will provide a verbal update on NASBA activities.
- b. **Other**

7. Committee/Task Force Reports

a. **Executive** – Board Officers.

The Board officers met with the Executive Director via telephone on September 26, 2013. The Chair will report.

b. **Compliance Assurance Oversight** – Chair: Edwin Jolicoeur, CPA; Members: Nina Gerbic, CPA and Deidra Roberts, CPA.

The Executive Director will report.

c. **Legislative Review** – Chair: Karen Saunders, CPA; Member: Gerald Ryles.

Karen has nothing to report for this meeting.

d. **Quality Assurance** – Chair: Thomas Neill, CPA; Members: Elizabeth Masnari, CPA and Robert Speicher, CPA.

Tom will present the Quality Assurance Committee report at **Tab G** for the Board's review.

e. **Request Review** – Chair: Karen Saunders, CPA; Member: Gerald Ryles

Karen will present the Request Review Committee report at **Tab H** for the Board's review.

f. **State Ethics Compliance** – Ethics Advisor: Thomas Neill, CPA; Ex-officio Liaison: Richard Sweeney, CPA

Tom has nothing to report for this meeting.

8. Executive Director's Report

a. **Budget Review**

b. **Results Washington – A Goal Focused, Transparent, Lean State Government\Agency Database Restructuring Initiative**

c. **Staffing**

d. **Investigation Statistics/Investigations & Administrative Sanctions – Tab I**

e. **Other**

9. Legal Counsel's Report

The Board's legal counsel requests the agenda for regular Board meetings contain a placeholder item allowing for Legal Counsel to report on any current issues related to the Board's activities and/or Washington state law such as: the Administrative Procedures Act, Open Public Meetings Act, Public Disclosure requirements, etc.

10. Executive and/or Closed Session with Legal Counsel - The Board's Legal Counsel requests the agenda for regular Board meetings contain a placeholder item identifying the Board and Legal Counsel may enter into executive or closed session when determined appropriate.

11. Public Input - Board meeting time has been set aside to ensure the public has an opportunity to address its concerns and the Board has an opportunity to ask questions of the public. Individual speakers will be provided 10 minutes each with a maximum of three speakers at each Board meeting. *(Chair: Note the sign-up sheet will be set out at the start of the Board meeting.)*

**WASHINGTON STATE BOARD OF ACCOUNTANCY
RULES HEARING OUTLINE
OCTOBER 17, 2013**

Presiding officer read or paraphrase BOLD type entries

Italics are explanatory notes to presiding officer

Opening statement:

The Board of Accountancy rules hearing is now in session. The date is Thursday, October 17, 2013. The time is _____. My name is Emily Rollins. I am Chair of the Board of Accountancy.

Copies of the rule proposal are available at the back of the room. If you have not already done so, please register your attendance at this hearing on the attendance roster at the back of the room. Please indicate on the roster whether you wish to testify.

Have Board Members, legal counsel, and staff in attendance introduce themselves.

Explain hearing sequence and ground rules as follows:

The hearing will be conducted as follows:

I will identify the rules presented for testimony and the Executive Director will present a brief statement for each proposal.

2. I will use the attendance roster to invite testimony on the proposal. When you give testimony, please:

- **Stand**
- **State your name and organization if you speak for a group**
- **Limit your testimony to the rule proposal currently before the Board.**
- **After you testify, please remain standing for questions, and**
- **If you are testifying from text, please provide a copy to Board staff.**

Testimony is limited to 10 minutes for each speaker.

3. When the testimony is complete the hearing will be closed. The Board will consider the proposed rule changes at its Board meeting later today.

The rule proposal concerns:

WAC 4-30-070 What are the experience requirements in order to obtain a CPA license?

WAC 4-30-080 How do I apply for an initial individual CPA license?

Richard Sweeney, the Board's Executive Director, will present a brief statement for each proposal. Rick presents the statement.

The rule proposals have been identified. We will now move to the testimony.

OVER

1. TESTIMONY FROM ATTENDANCE ROSTER

Ask for testimony from the audience according to the order on the attendance roster. After testimony is complete you will invite questions from the Board members.

Will (name of individual) please come forward to present testimony?

When the testimony is complete you may ask questions of the individual.

2. OTHER TESTIMONY

*After all persons on the attendance roster have testified, ask if others wish to testify. **Is there anyone who wishes to testify that has not had the opportunity?***

3. CLOSING STATEMENT:

Thank you for your testimony.

The Board will deliberate on the oral and written testimony and the proposed rules later today during its annual Board meeting. All participants will be notified in writing of the Board's decision regarding the proposed rules. Thank you all for your participation. This hearing is now closed.



PROPOSED RULE MAKING

CR-102 (June 2012)

(Implements RCW 34.05.320)

Do NOT use for expedited rule making

Agency: Board of Accountancy

- ☒ Preproposal Statement of Inquiry was filed as WSR 13-10-034 ; or
☐ Expedited Rule Making--Proposed notice was filed as WSR _____ ; or
☐ Proposal is exempt under RCW 34.05.310(4) or 34.05.330(1).

- ☒ Original Notice
☐ Supplemental Notice to WSR _____
☐ Continuance of WSR _____

Title of rule and other identifying information: (Describe Subject)

1. WAC 4-30-070 What are the experience requirements in order to obtain a CPA license?
2. WAC 4-30-080 How do I apply for an initial individual CPA license?

Hearing location(s):

The Doubletree Hotel Seattle Airport
Cascade 12 Room
18740 International Boulevard
SeaTac, Washington

Date: October 17, 2013 Time: 9:00AM

Submit written comments to:

Name: Richard C. Sweeney, Executive Director

Address: PO Box 9131

Olympia, WA 98507-9131

e-mail info@cpaboard.wa.gov

Fax (360)664-9190 by (date) October 10, 2013

Assistance for persons with disabilities: Contact

Jennifer Sciba by 10/10/2013

Date of intended adoption: October 17, 2013

(Note: This is NOT the effective date)

TTY (888) 833-6388 or (800) 833-6385 (Telebraille)

Purpose of the proposal and its anticipated effects, including any changes in existing rules: To transfer "knowledge of the Public Accountancy Act and Board rules" from the experience competencies currently contained in WAC 4-30-070 to WAC 4-30-080. The proposal will amend WAC 430-080 to require applicants for an initial individual CPA license to complete a course covering the Washington Public Accountancy Act, related Board rules, and Board policies. Under the rule proposal, applicants for an initial Washington State CPA license will be required to complete a self-study course, the related test, and score at least 90%.

Reasons supporting proposal: The goal is to expose applicants to and ensure their knowledge of the Public Accountancy Act, Board rules, and Board policies. This knowledge is essential to impart a public responsibility orientation to new licensees.

Statutory authority for adoption: 1: RCW 18.04.055(11)
18.04.105(1)(d) 2: RCW 18.04.055, 18.04.105(1) 18.04.215(1)

Statute being implemented: 1: RCW 18.04.055(11)
18.04.105(1)(d) 2: RCW 18.04.055, 18.04.105(1) 18.04.215(1)

Is rule necessary because of a:

Federal Law?

☐ Yes ☒ No

Federal Court Decision?

☐ Yes ☒ No

State Court Decision?

☐ Yes ☒ No

If yes, CITATION:

CODE REVISER USE ONLY

OFFICE OF THE CODE REVISER
STATE OF WASHINGTON
FILED

DATE: August 15, 2013

TIME: 3:30 PM

WSR 13-17-059

DATE: August 15, 2013

NAME (type or print): Richard C. Sweeney

SIGNATURE:

TITLE: Executive Director

(COMPLETE REVERSE SIDE)

Agency comments or recommendations, if any, as to statutory language, implementation, enforcement, and fiscal matters:

Name of proponent: (person or organization) The Washington State Board of Accountancy

☐ Private
☐ Public
☒ Governmental

Name of agency personnel responsible for:

	Name	Office Location	Phone
Drafting.....	Richard C. Sweeney, CPA	711 Capitol Way S, Suite 400, Olympia, WA	(360) 586-0163
Implementation....	Richard C. Sweeney, CPA	711 Capitol Way S, Suite 400, Olympia, WA	(360) 586-0163
Enforcement.....	Richard C. Sweeney, CPA	711 Capitol Way S, Suite 400, Olympia, WA	(360) 586-0163

Has a small business economic impact statement been prepared under chapter 19.85 RCW or has a school district fiscal impact statement been prepared under section 1, chapter 210, Laws of 2012?

☐ Yes. Attach copy of small business economic impact statement or school district fiscal impact statement.

A copy of the statement may be obtained by contacting:

Name:

Address:

phone () _____

fax () _____

e-mail _____

☒ No. Explain why no statement was prepared.

The proposed rules will not have more than minor economic impact on business.

Is a cost-benefit analysis required under RCW 34.05.328?

☐ Yes A preliminary cost-benefit analysis may be obtained by contacting:

Name:

Address:

phone () _____

fax () _____

e-mail _____

☒ No: Please explain: The Board of Accountancy is not one of the agencies required to submit to the requirements of RCW 34.05.328(5)(a).

WAC 4-30-070 What are the experience requirements in order to obtain a CPA license? (1) Qualifying experience may be obtained through the practice of public accounting and/or employment in industry or government. In certain situations, employment in academia may also provide experience to obtain some or all of the competency requirements. Qualifying experience may be obtained through one or more employers, with or without compensation, and may consist of a combination of full-time and part-time employment.

(2) Employment experience should demonstrate that it occurred in a work environment and included tasks sufficient to have provided an opportunity to obtain the competencies defined by subsection (3) of this section and:

(a) Covered a minimum twelve-month period (this time period does not need to be consecutive);

(b) Consisted of a minimum of two thousand hours;

(c) Provided the opportunity to utilize the skills generally used in business and accounting and auditing including, but not limited to, accounting for transactions, budgeting, data analysis, internal auditing, preparation of reports to taxing authorities, controllership functions, financial analysis, performance auditing and similar skills;

(d) Be verified by a licensed CPA as meeting the requirements identified in subsection (5) of this section; and

(e) Be obtained no more than eight years prior to the date the board receives your complete license application.

(3) **Competencies:** The experience should demonstrate that the work environment and tasks performed provided the applicant an opportunity to obtain the following competencies:

(a) ~~((Knowledge of the Public Accountancy Act and related board rules applicable to licensed persons in the state of Washington;~~

~~(b)))~~ Assess the achievement of an entity's objectives;

~~((c)))~~ (b) Develop documentation and sufficient data to support analysis and conclusions;

~~((d)))~~ (c) Understand transaction streams and information systems;

~~((e)))~~ (d) Assess risk and design appropriate procedures;

~~((f)))~~ (e) Make decisions, solve problems, and think critically in the context of analysis; and

~~((g)))~~ (f) Communicate scope of work, findings and conclusions effectively.

(4) **The applicant's responsibilities:** The applicant for a license requesting verification is responsible for:

(a) Providing information and evidence to support the applicant's assertion that their job experience could have reasonably provided the opportunity to obtain the specific competencies, included on the applicant's Experience Affidavit form presented for the verifying CPA's evaluation;

(b) Producing that documentation and the completed Experience Affidavit form to a qualified verifying CPA of their choice;

(c) Determining that the verifying CPA meets the requirements of subsection (5) of this section; and

(d) Maintaining this documentation for a minimum of three years.

(5) **Qualification of a verifying CPA:** A verifying CPA must have held a valid CPA license to practice public accounting in the state of Washington or be qualified for practice privileges as defined in RCW 18.04.350(2) for a minimum of five years prior to verifying the candidate's experience, including the date that the applicant's experience is verified. The five years do not need to be consecutive.

WAC 4-30-080 How do I apply for an initial individual CPA license? (1) To qualify to apply for an initial license you must meet the following criteria and requirements:

- (a) Good character requirements of RCW 18.04.105 (1)(a);
- (b) Education requirements of WAC 4-30-060;
- (c) Examination requirements of WAC 4-30-062;
- (d) ~~((Ethics course requirements by achieving and documenting))~~
Experience requirements of WAC 4-30-070;
- (e) Achieve and document a passing grade of ninety percent or better on a course covering the complete content of the AICPA Code of Professional Conduct;
- ~~((e) Experience requirements of WAC 4-30-070; and))~~
- (f) Achieve and document a passing grade of ninety percent or better on a board-approved initial course covering the Washington State Public Accountancy Act, related board rules, and board policies.

(2) If more than four years have lapsed since you passed the examination, you must meet the CPE requirements of WAC 4-30-134 ~~((+1))~~ (2)(a) within the thirty-six month period immediately preceding submission of your license application. That CPE must include CPE hours in ethics and regulation ~~((applicable to the practice of public accounting in Washington state))~~ meeting the requirements of WAC 4-30-134 ~~((+3))~~ (6). ~~((The))~~ This regulatory ethics portion of the combined one hundred twenty-hour CPE requirement must be completed within the six month period immediately preceding submission of your license application.

~~((+2))~~ (3) You must provide the required information, documents, and fees to the board either by making application through the board's online application system or on a form provided upon request. You must provide all requested information, documents and fees to the board before the application will be evaluated.

~~((+3))~~ (4) Upon assessment of your qualifications and approval of your application, your licensed status will be posted in the board's licensee data base and, therefore, made publicly available for confirmation. A hard copy of your license can be provided upon request.

~~((+4))~~ (5) Your initial license will expire on June 30 of the third calendar year following initial licensure.

~~((+5))~~ (6) You may not use the title CPA until the date the approval of your license is posted in the board's licensee data base and, therefore, made publicly available for confirmation.

Sweeney, Richard (ACB)

From: Jewell, Wade (BOA)
Sent: Thursday, September 12, 2013 5:17 AM
To: Sweeney, Richard (ACB)
Subject: FW: Washington State Board of Accountancy Rule-Making Notice for WAC 4-30-070/080

FYI – great idea! I'll have to broach this issue with my Board!

Hope all is well!

Take care,

Wade

Wade A. Jewell
Executive Director
Virginia Board of Accountancy

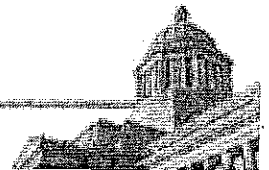


From: Board of Accountancy (ACB) [<mailto:info@cpaboard.wa.gov>]
Sent: Wednesday, September 11, 2013 6:53 PM
To: Board of Accountancy (ACB)
Subject: Washington State Board of Accountancy Rule-Making Notice for WAC 4-30-070/080

Board of Accountancy

Washington State

PO Box 5131 Olympia WA 98507-5131
(360) 753-2586 www.cpaboard.wa.gov



Washington State Board of Accountancy Rule-Making Notice

Board to Hold a Hearing to Consider Rule Changes

The Board is proposing to make changes to:

- 4-30-070 What are the experience requirements in order to obtain a CPA license?
- 4-30-080 How do I apply for an initial individual CPA license?

The Board is proposing the following changes:

To transfer "knowledge of the Public Accountancy Act and Board rules" from the experience competencies currently contained in WAC 4-30-070 to WAC 4-30-080.

The proposal will amend WAC 4-30-080 to require applicants for an initial individual CPA license to complete a course covering the Washington Public Accountancy Act, related Board rules, and Board policies.

Under the rule proposal, applicants for an initial Washington State CPA license will be required to complete a self-study course, the related test, and score at least 90%.

Reasons supporting proposal: The goal is to expose applicants to and ensure their knowledge of the Public Accountancy Act, Board rules, and Board policies. This knowledge is essential to impart a public responsibility orientation to new licensees.

Board to Hold Rule-Making Hearing – October 17, 2013

The Board will hold a public rule-making hearing to provide you with an opportunity to submit oral comment:

October 17, 2013
9:00 a.m.

The Doubletree Hotel Seattle Airport
Cascade 12
18740 International Boulevard
SeaTac, Washington

Where may I find the rule amendment?

The Board's Proposed Rule Making (CR-102) and the text of the proposed amendments to the rules is available from the Washington State Register (WSR 13-17-059).

How may I comment?

The Board encourages your comments on the proposed changes to the rule. Please consider attending the rule-making hearing on October 17 or submitting your written comments by October 10, 2013, to:

Richard C. Sweeney, CPA, Executive Director
Washington State Board of Accountancy
PO Box 9131, Olympia, WA 98507-9131
Fax: (360) 664-9190 E-mail: info@cpaboard.wa.gov

When will the Board decide?

After receiving public comment on the proposals, the Board will at its regular Board meeting scheduled for the same day immediately following the rule-making hearing decide to adopt the changes as proposed, make changes to the proposal and hold another hearing, if necessary, or withdraw the proposal. If you wish to discuss the rule-making process, feel free to contact the Board's Executive Director at (360) 586-0163.

How do I remove my name from this list?

To be removed from this list, please send your request to the Board.

The Board of Accountancy has implemented an electronic newsletter/alert process - WBOA-NEWS. The Board recommends that you subscribe to WBOA-NEWS at <http://listserv.wa.gov/archives/wboa-news.html> to receive prompt notice of Board meetings, anticipated and/or actual statute, rule, and policy changes, etc.

WASHINGTON STATE BOARD OF ACCOUNTANCY

Unapproved Draft - Minutes of a Regular Meeting of the Board – Unapproved Draft

Time and Place of Meeting

9:02 a.m. – 2:23 p.m. Monday, July 22, 2013
The Doubletree Hotel Seattle Airport
Cascade 12
18740 International Boulevard
SeaTac, Washington

Attendance

Emily Rollins, CPA, Chair, Board Member
Karen R. Saunders, CPA, Vice Chair, Board Member
Elizabeth D. Masnari, CPA, Secretary, Board Member
Donald F. Aubrey, CPA, Board Member
Lauren C. Jassney, Board Member
Edwin G. Jolicoeur, CPA, Board Member
Thomas G. Neill, CPA, Board Member
Bruce L. Turcott, Assistant Attorney General, Board Adviser
Richard C. Sweeney, CPA, Executive Director
Jennifer Sciba, Deputy Director
Charles E. Satterlund, CPA, Director of Investigations
Taylor Shahon, Special Assistant to the Director of Investigations

Public Rule-Making Hearing

The Board held a public rule-making hearing from 9:05 a.m. to 9:18 a.m. The Board Chair presided. The Board proposed to amend:

- WAC 4-30-134 What are the CPE requirements for individuals?

The Executive Director presented a brief statement.

The Board received written comments from three individuals prior to the hearing. All comments addressed the proposed changes to WAC 4-30-134.

Rules Review

WAC 4-30-134 What are the CPE requirements for individuals? The Board voted unanimously to adopt the rule proposal with minor changes to wording. The Board voted for an implementation date of January 1, 2014.

WAC 4-30-070 What are the experience requirements in order to obtain a CPA license? and WAC 4-30-080 How do I apply for an initial individual CPA license? The Board directed staff to move the proposal forward for public hearing in October in conjunction with the Board's annual meeting.

Minutes, July 22, 2013, Regular Board Meeting

Call to Order

Board Chair, Emily Rollins, called the regular meeting of the Board to order at 9:48 a.m.

**Minutes – April 23,
2013 Regular Board
Meeting
Board Policies**

The Board approved the minutes of the April 23, 2013, regular Board meeting as presented.

2003-1 Safe Harbor Report Language for Use by Non-CPAs. The Board discussed the use of safe harbor language. The Board made several changes to the policy. The Board directed the Executive Director to review the policy with the Association of Washington Businesses (AWB) and the Washington Association of Accountants (WAA) for further input. The Board will review at the October meeting.

2000-1 Continuing Professional Education. The Board reviewed the interim policy drafted by staff, and voted unanimously to file as drafted with a minor word adjustment.

**Motion for Entry of
Order on Default –
ACB-1367 Myrtle M.
Parent, CPA**

Ms. Parent failed to respond to a Statement of Charges. The Executive Director presented the case, and Don Aubrey, as Consulting Board Member, did not participate in the discussions. The Board proposed changes to the Default Order, and will review and vote once Board staff has completed the changes.

**AICPA Changes to
Code of Conduct**

The AICPA Professional Ethics Executive Committee requested comments on the proposed revised AICPA Code of Conduct. Comments are due by August 15, 2013.

Tom Neill and the Executive Director summarized the Exposure Draft.

The Board directed the Executive Director to write a letter of appreciation to the AICPA for the efforts in clarity and transparency.

NASBA Update

Update: Don Aubrey, Pacific Regional Director for the National Association of State Boards of Accountancy (NASBA), provided the Board with an update on NASBA activities including:

- Pending change in the Uniform Accountancy Act's

Minutes, July 22, 2013, Regular Board Meeting

(UAA) definition of "attest services"

- UAA's discussions on firm mobility.
- AICPA's Financial Reporting Framework efforts.

Western Regional Meeting: Edwin Jolicoeur, Don Aubrey, Tom Neill, and the Executive Director attended the meeting, and reported to the Board.

**Executive and/or
Closed Session with
Legal Counsel**

Executive session was held from 12:30 p.m. to 1:34 p.m. to discuss with legal counsel representing the agency matters relating to agency enforcement actions and litigation or potential litigation to which the agency or a member acting in an official capacity is, or is likely to become, a party.

**Legal Counsel's
Report**

Bruce Turcott, the Board's legal counsel, advised the Board of the legislative change to the Administrative Procedures Act, authorizing Board Orders/Notices to be served by email when consent is obtained.

Chair's Report

The Chair acknowledged Cheryl Sexton's years of great service and her invaluable and extensive contributions to the Board. The Executive Director supported the Chair's comments, and appreciated all the support provided by her to the Board and to himself. Public members added their appreciation as well on behalf of the Washington Society of CPAs (WSCPA).

The Chair gave recognition to the WSCPA regarding its legislative efforts this past session.

Executive Committee

The Board Officers met with the Executive Director via telephone on July 12, 2013. The Chair reported on the meeting.

**Compliance
Assurance Oversight
Committee**

Edwin Jolicoeur reported on the PROC (Peer Review Oversight Committee) Summit that was jointly sponsored by AICPA and NASBA, and reviewed some of the issues discussed regarding the AICPA's peer review program.

**Legislative Liaison
Committee**

Karen Saunders reported on a change in firm registration processes, requiring new firms to go through the Master Business Licensing with the Department of Revenue, from which CPA firms will be referred to the Board.

Minutes, July 22, 2013, Regular Board Meeting

**Quality Assurance
Committee
Request Review
Committee**

Tom Neill reported on Peer Review updates.

Karen Saunders reported:

During the 2nd quarter 2013, the Executive Director and a Consulting Board Member from the Request Review Committee took the following action:

CPE Extensions exceeding 16 CPE credit hours: All CPE extension request were due on or before December 31, 2012. Staff treated any extension requests received during the 2nd quarter as self-reported CPE deficiencies and individuals were subject to reinstatement.

Firm Names: *Approved:*

- Laws & Associates CPA's Inc.
- Haynie & Company
- Anton & Chia, LLP
- Account on Wheels
- RAC-CPA, PLLC
- Jim MA PLLC
- Gray CPA, PC
- Addcom CPA
- Augustedge PLLC
- Julie A Russillo Accounting PLLC
- Hartley Moore Accountancy Corporation
- Friedman LLP
- The Dawson Group, PS
- Sound Sense Money Management LLC

Late Fee Waivers: Total = 3

- Individual Requests – 2
 - Approved – 2
 - Denied - 0
- Firm Request – 1
 - Approved - 0
 - Denied - 1

Professional/Educational Organization - Recognition

Requests: During the 2nd quarter 2013, the Board did not receive any requests for recognition as an educational organization or professional association for

Minutes, July 22, 2013, Regular Board Meeting

purposes of obtaining a list of individual CPAs.

Domestic or Foreign Education Credential Evaluation Services – Applications: During the 2nd quarter 2013, the Board did not receive any requests for recognition of domestic or international education credential evaluation services.

**State Ethics
Compliance
Committee**

Ethics advisor, Tom Neill, reported on Board staff ethics, and intent to work with new staff.

**Executive Director's
Report**

Budget Review: The Executive Director provided the Board with an update on the agency's budget.

Executive Director and Board Members

Reappointments: The Executive Director reported on his reappointment and that of the five Board Members.

Lean Government Overview: The Executive Director reported on Lean Government efforts and improving performance.

Implementation of Performance Review Task Force Recommendations: The Executive Director reported on the progress. The agency is in the email vaulting solution provided by Department of Enterprise Services.

Investigation Statistics/Investigations & Administrative Sanctions: Charles Satterlund, CPA, Director of Investigations provided the following reports to the Board:

- Investigation Statistics January 1990 through June 30, 2013.
- Case Status Report for the period ended June 30, 2013
- Investigations Results/Statistics through June 30, 2013

The Director of Investigations discussed on Hot Topics: Federal Referrals including "Pass" through AICPA.

Minutes, July 22, 2013, Regular Board Meeting

IT Integration: The Executive Director reported on the status of IT projects and a positive direction.

Renewal: The Executive Director reported on renewal numbers; everything is moving in the right direction.

Staffing: The Executive Director reported on two new hires in the agency.

Public Input

The Board received input from representatives of the WSCPA throughout the meeting.

Adjournment

The Board meeting adjourned at 2:23 p.m.



Washington State Board of Accountancy


Policy Number: 2003-1

Title: Safe Harbor Report Language for Use by Non-CPAs*

Revised: October 17, 2008*

Effective: January 31, 2003

Approved:


Edwin G. Jolicoeur, CPA, Chair

*This policy rescinds and supersedes any previous Board policy.

Purpose:

RCW 18.04.350 (10) states that persons or firms composed of persons not holding a license under RCW 18.04.215 (i.e., non-CPAs) may offer or render certain services to the public, including the preparation of financial statements and written statements describing how such financial statements were prepared, provided they do not:

- Designate any written statement as an "audit report," "review report," or "compilation report,"
- Issue any written statement which purports to express or disclaim an opinion on financial statements which have been audited, and
- Issue any written statement which expresses assurance on financial statements which have been reviewed.

In April of 1989, the Board approved two alternatives as "safe harbor" report language for use by non-CPAs. Non-CPAs may use the language in the following paragraphs without challenge by the Board as a violation of RCW 18.04.345. The words "audited," "reviewed," "compiled," or "compilation" may not be inserted or substituted for the language found in the letters.

CPA-Inactive certificate holders may not use the 'CPA-Inactive' title when performing or offering accounting, tax, tax consulting, management advisory, or similar services to the public. As such, CPA-Inactive certificate holders are prohibited from using the safe harbor report language concurrent with the CPA-Inactive title.

Safe harbor report language Sample #1:

The accompanying balance sheet of ABC Company, as of December 31, 1988 and related statement of income for the year then ended have been prepared by me (us).

These statements have been prepared from information furnished by management (owner), and accordingly, I do not express any assurance on them.

Substantially all of the disclosures and the statement of cash flows have been omitted from these statements.

(Presented in conformity with GAAP)
(Without statement of cash flows and disclosures)

Safe harbor report language Sample #2:

The accompanying balance sheet of ABC Company, as of December 31, 1988 and related statement of income for the year then ended have been prepared by me (us).

My engagement was limited to presenting in the form of financial statements information that is the representation of management (owner), and accordingly, I do not express any assurance on them.

Substantially all of the disclosures and the statement of cash flows have been omitted from these statements.

(Presented in conformity with GAAP)
(Without statement of cash flows and disclosures)

Washington

Accountancy
Peer Review Oversight Committee

Board of

Summary of Report Acceptance Body Meeting

Purpose: As part of its oversight activities, the Peer Review Oversight Committee (PROC) observes selected Report Acceptance Body (RAB) meetings as further described in the PROC's operating guidelines. The RAB meetings generally occur via conference call. RAB members are provided with the materials needed to review and present the peer reports subject to discussion on a general call. The objective of this aspect of PROC oversight is to observe how the RAB executes its duties in the meeting and determine whether or not this aspect of the peer review program is operating effectively in the state of Washington. These matters are then summarized and reported to the Washington Board of Accountancy as part of the PROC reporting.


Date of Meeting: July 30, 2013

Number of reports discussed at the meeting: 6

EVALUATION OF THE TECHNICAL ASPECTS OF THE MEETING CONTENT AND DISCUSSION		YES	NO	N/A	COMMENTS
1. Do the RAB members appear knowledgeable about their responsibilities?		✓			
2. Do the RAB members resolve inconsistencies and disagreements before accepting the reports?		✓			one review had one "no" vote. healthy discussion on the review and all other committee members were happy with the resolution
3. If inconsistencies and disagreements are not resolved, are alternative courses of action agreed to (including but not limited to further research of the unresolved matters with discussion planned to occur at a future meeting)?				✓	

4. Are RAB members knowledgeable about:					
a. The technical aspects of their reviews, both peer review standards as well as general audit and accounting standards?	✓				
b. Critical peer review issues and risk considerations (focus matters)?	✓				
c. Industry specific issues (i.e. Requirements of ERISA, Government Audit standards/Regulations, etc.)?	✓				
d. The differences in matters, findings, deficiencies and significant deficiencies?	✓				
e. Appropriate types of reports?	✓				
f. Circumstances for requiring revisions to review documents?		✓			
g. Appropriateness of recommended corrective or monitoring actions?	✓				2 of the reviews had monitoring and there was a (
5. Are technical reviewers available during the meeting to address issues as they arise?	✓				
6. Do technical reviewers appear knowledgeable about their function and responsibilities?	✓				
7. Are technical reviews performed sufficiently timely after the review documents are submitted to the Peer Review Program?	✓				

8. Are technical reviewers knowledgeable about:				
a.	Treatment of engagements that fail to meet professional standards and implications for reporting?	✓		
b.	Review scope and (for system reviews) risk assessments?	✓		
c.	Appropriate forms and content of reports and response letters?	✓		
d.	Proper completion of MFC and FFC forms?	✓		
e.	Revisions to Peer Review documents?		✓	
9.	Were any specific problems or issues discussed?		✓	
10. Does it appear that appropriate decisions were made regarding:				
a.	Corrective or monitoring actions?	✓		
b.	Scope of the review?	✓		
c.	Revisions to review documents?		✓	
d.	Requests for extensions?		✓	
e.	Conclusions on any problem reviews?	✓		

11. Based on your observations, were the RAB's discussions and their conclusions on the reviews presented reasonable?	✓			
12. When performance issues are identified, does the RAB provide adequate feedback to Team Captains that aid in improving the peer review program?	✓			
13. Comment regarding the overall evaluation of the technical aspects of the meeting content and discussion.	✓			all RAB members participated in the discussions. 
EVALUATION OF THE GENERAL RAB MEETING PROCESS	YES	NO	N/A	COMMENTS
14. Was sufficient time allowed for discussion of each report or matter?	✓			
15. Were there a required minimum number of committee members present?	✓			
16. Was the nature of the discussion appropriate and were recommendations for courses of action reasonable for the reports discussed? (consider recommendations for education, discipline, etc.)	✓			
17. Do members appear to have a good rapport with one another and openly/candidly provide feedback for the report discussion?	✓			
18. Were any specific problems or issues discussed?	✓			one long term monitoring issue was discussed at length and how to handle it. the committee came up with a reasonable course of action.

19. Comments regarding the overall evaluation of general meeting process:

The meeting was well run and the RAB members were prepared for the meeting.

CONCLUSION

20. At the conclusion of the meeting, discuss our observations with the individual leading the RAB Committee Meeting. Matters discussed:

The committee chair maintained control over the meeting and was well prepared for the meeting. In addition to the reviews the following items were discussed: prior monitoring (see comment above) and reviewed an oversight of a peer reviewer.

21. Rate the meeting as to its effectiveness for its role in the peer review process:



Meets Expectations

☐


Does Not Meet Expectations (requires a comment below)

22. Other comments, if any:

The above checklist was prepared by:

Deidre M. Roberts

Print Name



Signature

Washington State Board of Accountancy

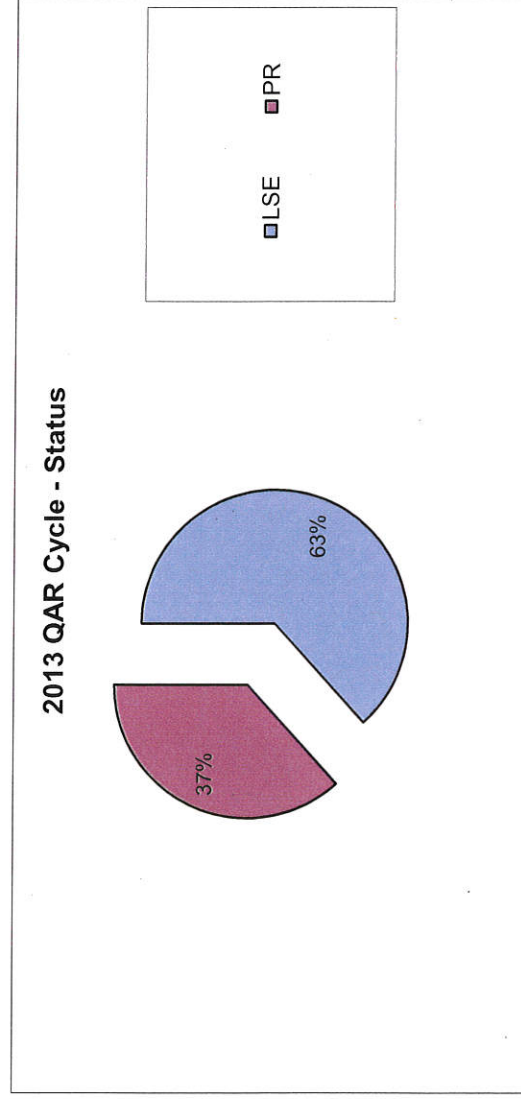
2013 Quality Assurance Review (QAR) Program - Status Report

Analysis of those firms participating in the Quality Assurance Review Program:

LSE	88	Requested Limited Scope Exemption
PR	51	Requested the Peer Review Exemption
Total*	139	

*Per rule change of WAC 4-30-130, firms issuing reports are required to undergo peer review.

Note: The Quality Assurance Review (QAR) cycles were changed to coincide with the firm's renewal. Therefore, those firms who renewed this year and participated in the QAR cycle within the past two years were not required to participate.



Request Review Committee Report

October 17, 2013

Karen Saunders, CPA, Chair

During the third quarter 2013, the Executive Director and a Consulting Board Member from the Request Review Committee took the following action:

Firm Names: *Approved:*

- Simpson and Company
- AuditWerx, LLC
- Nitax Service, Inc.
- Figure
- Skye CPA Services
- Hansen Financial Management,
- Bishop French LLC
- Dawson & Co., PS
- EKS&H LLP
- KLJ & Associates, LLP
- Weaver and Tidwell, L.L.P
- Icompass Compliance Solutions LLC
- Skoda Minotti & Company

Professional/Educational Organization – Recognition Requests – During the 3rd quarter 2013, the Board approved APlusCPE as an educational organization for purposes of obtaining a list of individual CPAs.

Domestic or International Education Credential Evaluation Services – Applications – During the 3rd quarter 2013, the Board did not receive any requests for recognition of domestic or international education credential evaluation services.

Washington State Board of Accountancy

Complaint Status Report	9/30/2012	12/31/2012	3/31/2013	6/30/2013	9/30/2013
Intake					
Complaints Received	54	21	32	30	20
Complaints Dismissed	(10)	(7)	(4)	(18)	(24)
Transferred to Investigative Monitoring	(0)	(0)	(0)	(0)	(8)
Moved to Investigation	(48)	(11)	(22)	(10)	(7)
Total Complaints Under Evaluation	29	32	38	40	21

Investigation - Developing and Developed Cases					
Cases in Development	16	20	26	19	14
Cases Awaiting Action	3	5	0	5	4
Developed Cases Moved Forward	45	6	9	14	17
Cases Transferred to Investigative Monitoring	0	0	0	0	1
Total Developing and Developed Cases	64	31	35	38	34

Total Complaints Under Evaluation/Development	93	63	73	78	55
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Investigative Monitoring					
Added - Cases					1
Added - Complaints					8
Added - Other					1
Monitoring Completed					0
Items in Monitoring	0	0	0	0	10

Aging of All Developing and Developed Cases					
> 4 Years	2	2	3	3	3
> 3 Years, <= 4 Years	1	1	1	1	1
> 2 years, <= 3 years	2	4	1	2	5
> 1 year, <= 2 years	9	7	6	7	6
< 1 year, > 180 days	50	17	4	8	12
<= 180 days			20	17	9
Total Developing and Developed Cases	64	31	35	38	36

Washington State Board of Accountancy

Complaint Status Report	9/30/2012	12/31/2012	3/31/2013	6/30/2013	9/30/2013
Classification of All Developing and Developed Cases					
Public Harm					
Negligent Performance of Attest	5	5	6	2	2
Negligence, Incompetence, Disregard	12	12	18	26	26
Use of Restricted Titles	1	2	5	3	1
Borrowing, Theft, Embezzlement, Breach of Fiduciary Duty	5	3	3	3	3
Breach of Confidentiality	0	0	0	0	0
Records Retention Causing Harm	1	3	2	4	4
Subtotal	24	25	34	38	36
Administrative					
QAR	39	1	0	0	0
CPE under 16 hours	0	1	0	0	0
CPE over 16 hours	0	1	0	0	0
Good Character Evaluation	1	3	1	0	1
Subtotal	40	6	1	0	1
Total	64	31	35	38	37

Investigations Closed - Disposition By					
Board Order/Agreed Order					
Revocation -- Public Harm	0	2	0	0	1
Suspension -- Public Harm	0	1	2	0	0
Suspension -- Other	0	2	1	0	0
Practice Restriction -- Public Harm	0	0	0	0	0
SAO -- Fine/costs/other sanctions -- Public Harm	1	0	1	0	3
SAO -- Fine/costs/other sanctions	0	9	3	0	1
Subtotal	1	14	7	0	5
Administrative Sanctions					
Reinstatements	0		1	0	0
Dismissals -- Public Harm	0	3	3	1	7
Dismissals	0	1	3	2	0
Subtotal	0	4	7	3	7
Total	1	18	14	3	12
Avg days to complete investigation (total, closed since FY 2012)	7	31	50	54	59
Avg days to complete investigation (cases closed since 09/30/12)	-	53	84	72	72
Avg days to complete investigation (cases closed in given quarter)	-	53	84	75	77
Avg age of cases closed (cases closed in a given quarter)	61	75	329	151	186

based upon available data; avg investigation days = date from open - date of complete investigation

Investigation Statistics

Historical data: January 2003 through September 30, 2013

Year Opened	Number of credentialed persons (at year end)		Number of Cases		% open / Licensees
	Licensees	Certificate Holders	Opened	Closed	
2003	9,418	4,948	83	62	0.88%
2004	10,382	3,107	144	92	1.39%
2005	10,909	3,055	83	85	0.76%
2006	11,217	2,474	131	64 *	1.17%
2007	11,552	2,114	143	176 *	1.24%
2008	12,282	2,102	90	99 **	0.73%
2009	12,654	1,848	130	76 **	1.03%
2010	13,104	1,555	99	182 **	0.76%
2011	13,874	1,573	82	133 **	0.59%
2012	14,403	1,343	64	75	0.44%
2013 (to date)	14,932	1,309	39	85	0.26%
Total	14,932	1,309	1,088	1,129	7.29%
Average	12,248	2,228	99	103	0.81%

As of September 30, 2013

Active Cases	14 (open cases actively worked by Enforcement)
Pending Cases	21 (cases awaiting action/otherwise moved forward)
Monitoring Cases	(1) (cases moved to investigative monitoring status)
Total Open Cases	(34) (total open cases under evaluation/development)

* Clean up backlog (new Executive Director)

** Interrupted by significant public records requests and litigation